REMARKS/ARGUMENTS

Claims 1-86 are pending in the application. Claims 1-5, 8-15, 18-45, 48-55, and 58-85 are rejected as anticipated under 35 U.S.C. 102(e) and claims 6, 7, 16, 17, 46, 47, 56, 57, and 86 are rejected as obvious under 35 U.S.C. 103(a).

Claim Amendments

The amendment of independent method claim 1 and independent system claim 41, respectively, proposes a method and system of settling a transaction using trade credit value in which trade credit value that is a divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation is stored for a first user. Upon receiving a request from the first user to transfer a pre-determined amount of the stored trade credit value to a second user in settlement of the transaction, the availability of the requested amount of trade credit value stored for the first user for settlement of the transaction is confirmed, and the requested amount of trade credit value is transferred from the first user to the second user. The amendment of claims 1 and 41 proposes further that thereafter the second user is allowed to use the transferred amount of trade credit value for any of settlement of another transaction for the second user, discounting for cash before a pre-defined maturity of the trade credit value, or holding through to the pre-defined maturity of the trade credit value. See, e.g., p. 6, lines 17-19; p. 7, lines 17-22; and p. 8, lines 2-5.

The amendment of Independent method claim 81 proposes a financing and payment method incorporating one or more trade credits in which a membership agreement is concluded by a buyer, a seller, and a financial intermediary defining rights and obligations of each party to the other which include the use of one or more trade credits that are divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligations. The buyer enters an agreement for a transaction with the seller that can optionally be modified to extend payment terms of the agreement through negotiation between the buyer and

the seller. Thereafter, a trade credit is issued to the seller in payment of the transaction which has payment terms according to the transaction agreement or the modification, and an obligation by the buyer to pay an amount equal to the transaction payment is simultaneously accepted. The amendment of claim 81 proposes further that the seller is allowed to realize payment of the trade credit by either presenting the trade credit for immediate payment of its face amount, less a discount amount, or receiving the face value of the trade credit at maturity. See, e.g., p. 6, lines 17-19; p. 7, lines 17-22; and p. 8, lines 2-5.

Claims 10, 11, 36, 37, 51, 52, 76, and 77 are canceled as a result of the amendment of claims 1 and 41. Support for the foregoing amendment is found throughout the specification and in the claims and as detailed above. Accordingly, no new matter has been added.

Claim Rejections - 35 U.S.C. § 112

The foregoing amendment of claims 1 and 41 changes "second member" to "second user" for which there is antecedent basis in both claims.

Claim Rejections - 35 U.S.C. § 102

Claims 1-5, 8-15, 18-45, 48-55, and 58-85 stand rejected as anticipated by Mandler. (U.S. 5,732,400) under 35 U.S.C. § 102(e). The rejection is respectfully traversed and reconsideration is requested. The reference asserted does not read on the claimed invention.

With regard to independent claims 1 and 41, the Examiner considers that Mandler, which teaches a system for performing on-line transactions, discloses each and every element of claims 1 and 41. On the contrary, there is absolutely no teaching or suggestion whatsoever in Mandler of storing trade credit value for a first user that is a divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation, as recited in claims 1 and 41. Rather, according to Mandler, a financial clearinghouse receives a buyer's credit

application and simply determines a risk classification, credit line limit, and clearinghouse fee that the clearinghouse will charge a seller based on the buyer's risk classification. See, e.g., Mandler, Col 6, line 44-Col 7, line 12 and Figs. 3A and B.

Further, instead of receiving a request from the first user to transfer a pre-determined amount of the stored trade credit value (i.e., the divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation) to a second user in settlement of the transaction and confirming an availability of the requested amount of trade credit value, as recited in claims 1 and 41, according to Mandler, when the clearinghouse receives a request for a quote from the buyer, it sends the request to one or more sellers who then provide quotes to the clearinghouse which forwards them to the buyer, whereupon the buyer sends a purchase order to the clearinghouse which reviews the buyer's risk classification and credit line and simply authorizes credit approval for the transaction. See, e.g., Mandler, Col 7, lines 21-52.

In addition, instead of transferring the requested amount of trade credit value (i.e., the divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation) from the first user to the second user, as recited in claims 1 and 41, according to Meddler, the clearinghouse then sends the purchase order to the seller who ships the goods to the buyer and sends a notice to the clearinghouse, whereupon the clearinghouse simply invoices the buyer for the amount of the purchase order and creates an ordinary account receivable, e.g., net 30 days. See, e.g., Mandler, Col 7, line 53-Col 8, line 7.

Moreover, there is absolutely no teaching or suggestion in Mandler of allowing the transferred amount of trade credit value (i.e., the divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation) to be used by the second user for any of settlement of another transaction for the second user, discounting for cash before a pre-defined maturity of the trade credit value, or holding through to the pre-defined maturity of the trade

credit value, as recited in claims 1 and 41. On the contrary, at the same time the clearinghouse of Mandler invoices the buyer, it simply creates an ordinary account payable to the seller less the clearinghouse's fee. See, e.g., Mandler, Col 8, lines 7-14.

With regard to independent claim 81, the Examiner likewise considers that Mandler discloses each and every element of claim 81. On the contrary, instead of concluding a membership agreement by a buyer, a seller, and a financial intermediary defining rights and obligations of each party to the other which include the use of at least one trade credit that is a divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation, as recited in claim 81, as noted above, according to Mandler, buyers sign up for credit lines with a financial clearinghouse and send requests for quotes to, receive quotes from, and send purchase orders to, seller, all via the clearinghouse and subject to credit approval by the clearinghouse. See, e.g., Mandler, Col 6, line 44-Col 7, line 12; Col 7, lines 21-Col 8, line 4; and Figs. 3A and B.

While it is true that Mandler allows negotiations between the buyer and seller that can result in an increase in the buyer's purchase order if not accepted by the seller, according to Mandler, any increase in the purchase order is subject to credit approval by the clearinghouse, and when accepted, the seller ships the goods to the buyer and sends a notice of shipment to the clearinghouse. See, e.g., Mandler, Col 7, line 21-Col 8, line 4. Further, instead of issuing a trade credit (i.e., a divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation) to the seller in payment of the transaction with payment terms according to the transaction agreement or modification and simultaneously accepting an obligation by the buyer to pay an amount equal to the transaction payment, as recited in claim 81, according to Mandler, the clearinghouse simply invoices the buyer for the amount of the purchase order and creates an ordinary account receivable, e.g., net 30 days. See, e.g., Mandler, Col 8, lines 4-7.

Moreover, instead of allowing the seller to realize payment of the trade credit (i.e., the divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation) by either presenting the trade credit for immediate payment of its face amount less a discount amount or receiving the face value of the trade credit at maturity, as recited in claim 81, when the clearinghouse of Mandler invoices the buyer and creates an account receivable, it does nothing more with respect to the seller than create an ordinary account payable to the seller less the clearinghouse's fee. See, e.g., Mandler, Col 8, lines 7-14.

Consequently, Mandler does not teach the required combinations of Applicants' claimed method and system for settling a transaction using trade credit value, as recited in claims 1 and 41. Nor does Mandler teach the required combinations of Applicants' claimed financing and payment method incorporating one or more one trade credits utilized by a buyer, a seller, and a financial intermediary, as recited in claim 81.

Because each and every element as set forth in independent claims 1, 41, and/or 81 is not found, either expressly or inherently in Mandler, the Examiner has failed to establish the required *prima facie* case of unpatentability. See Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628 (Fed. Cir. 1987); See also MPEP §2131.

The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1, 41, and/or 81, and similarly has failed to establish a *prima facie* case of unpatentability for claims 2-9, 12-35, and 38-41 that depend on claim 1, claims 42-50, 53-75, and 78-80 that depend on claim 41, and claims 82-86 that depend on claim 81, and which recite further specific elements that have no reasonable correspondence with Mandler.

Claim Rejections - 35 U.S.C. § 103

Claims 6, 7, 16, 17, 46, 47, 56, 57, and 86 stand rejected under 35 U.S.C. § 103(a) as obvious over Mandler in view of Conklin (U.S. 6,338,050).

As noted above, because each and every element as set forth in independent claims 1, 41, and/or 81 is not found, either expressly or inherently in Mandler, the Examiner has failed to establish the required *prima facie* case of unpatentability. See Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628 (Fed. Cir. 1987); See also MPEP §2131. The Examiner has similarly failed to establish a *prima facie* case of unpatentability for claims 6, 7, 16, and 17 that depend on claim 1, claims 46, 47, 56, and 57 that depend on claim 41, and claim 86 that depends on claim 81, and which recite further specific elements that have no reasonable correspondence with Mandler.

Nor does Conklin remedy the deficiencies of Mandler. On the contrary, Conklin teaches a portal website with search engine and database functionality that enables "sponsors" to create and administer "community" websites via which sellers can negotiate and create hosted websites for a fee. See, e.g., Conklin, Abstract. Sellers must be ISO compliant, pay the "sponsor's" fees, and be capable of various transaction and payment methods. According to Conklin, "sponsor" functions include making rules for and creating the "community" website using a template and entering sellers' names and products on the portal search engine as well as on external search engines and databases. See, e.g., Conklin, Col 28, lines 25-65; Figs. 1j; and Fig. 24.

There is no teaching, nor even a suggestion, in Mandler and/or Conklin, for example, of storing or transferring trade credit value for a first user that is a divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation, as recited in claims 1 and 41. Nor is there any teaching or suggestion whatsoever in Mandler and/or Conklin of allowing the transferred amount of trade credit value (i.e., the divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory

obligation) to be used by the second user for any of settlement of another transaction for the second user, discounting for cash before a pre-defined maturity of the trade credit value, or holding through to the pre-defined maturity of the trade credit value, as recited in claims 1 and 41.

Likewise, there is no teaching of suggestion in Mandler and/or Conklin whatsoever of a membership agreement between a buyer, seller, and financial intermediary defining rights and obligations of each party to the other that include the use of at least one trade credit that is a divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligations, as recited in claim 81. Nor do Mandler and/or Conklin teach or suggest issuing a trade credit (i.e., the divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation) to the Seller in payment of a transaction, as recited in claim 8. Neither is there any teaching or suggestion in Mandler and/or Conklin of allowing the Seller to realize payment of the trade credit (i.e., the divisible, continuously available, transferable, discountable, and credit enhanced to investment grade status promissory obligation) by either presenting the trade credit for immediate payment of its face amount, less a discount amount, or receiving the face value of the trade credit at maturity, as recited in claim 81.

The claimed combinations are not taught or suggested by Mandler and/or Conklin either separately or in combination with one another. Because Mandler and/or Conklin, either alone or in combination, do not teach the limitations of independent claims 1, 41, and/or 81, the Examiner has failed to establish the required *prima facie* case of unpatentability. See In re Royka, 490 F.2d 981, 985 (C.C.P.A., 1974) (holding that a *prima facie* case of obviousness requires the references to teach all of the limitations of the rejected claim); See also MPEP §2143.03. The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1, 41, and/or 81, and similarly has failed to establish a *prima facie* case of unpatentability for claims 6, 7, 16, and 17 that depend on claim 1, claims 46, 47, 56, and 57 that depend on claim 41, and/or claim 86 that depends on claim 81, and which

recite further specific elements that have no reasonable correspondence with Mandler and/or Conklin.

Conclusion

In view of the foregoing amendment and these remarks, each of the claims remaining in the application is in condition for immediate allowance. Accordingly, the examiner is requested to reconsider and withdraw the rejection and to pass the application to issue. The examiner is respectfully invited to telephone the undersigned at (336) 607-7318 to discuss any questions relating to the application.

Respectfully submitted,

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